



Commonwealth of Virginia

Auditor of Public Accounts

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March 24, 2004

The Honorable Allan C. Burke
Clerk of the Circuit Court
County of Montgomery

Board
County of Montgomery

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court of the County of Montgomery for the period January 1, 2003 through December 31, 2003.

Our primary objectives were to test the accuracy of financial transactions recorded on the Court's financial management system; evaluate the Court's internal controls; and test its compliance with significant state laws, regulations, and policies. However, our audit was more limited than would be necessary to provide assurance on the internal controls or on overall compliance with applicable laws, regulations, and policies.

The results of our tests found the Court properly stated, in all material respects, the amounts recorded and reported in the financial management system. However, we noted weaknesses in internal controls and noncompliance with state laws, regulations, and policies that the Clerk needs to address as described below.

Consistently Monitor Inactive Civil Cases

As noted in the previous audit, the Clerk does not consistently monitor inactive civil cases. Section 8.01-335 of the Code of Virginia establishes guidelines for removing inactive civil cases from the court's docket after one, two, and three years of inactivity. We found 688 civil cases dating back to 1991 with no action.

The Clerk should review and identify these inactive cases. Once identified, the Clerk should discuss the cases with the Judge for authorization to remove them from the docket. Further, the Clerk should implement procedures to consistently monitor inactive cases.

Receipt and Deposit Collections

As noted in the previous audit, the Clerk does not receipt and deposit collections promptly. We found that the Clerk did not receipt and deposit fees for appealed cases for up to 67 business days after receiving the case from the District Court. Section 17.1-271 of the Code of Virginia requires clerks to deposit funds within a reasonable time. Failure to promptly receipt and deposit collections increases the risk of misappropriation of funds and could result in lost revenue to the Commonwealth. The Clerk should promptly receipt and deposit all collections.

Monitor and Disburse Liability Accounts

As noted in the previous audit, the Clerk does not monitor liability accounts and does not perform due diligence to disburse unclaimed property. Specifically, we noted the following:

- The Clerk did not file an unclaimed property report for 2003 as required by Section 55-210.9:2 of the Code of Virginia. We noted \$303 in outstanding disbursements qualifying for escheatment and a \$100 criminal bond over one year old. The Clerk performed due diligence on the bond, but did not send it to unclaimed property. The Clerk should file an unclaimed property by November 1 each year and send all eligible funds to the Division of Unclaimed Property.
- The Clerk is holding \$1,000 in civil bonds associated with ended cases. Section 8.01-335 of the Code of Virginia requires the court to monitor all civil bonds, and if associated with ended cases, either disburse or escheat the bonds.

Strengthen Accounts Receivable Management

The Clerk should strengthen the office's procedures for managing accounts receivables. Specifically, we noted the following:

- The Clerk does not consistently require defendant's signatures on Time to Pay Agreements. A defendant's signature documents their acknowledgment of the payment process, their responsibility to pay, and the consequences of failing to comply with the agreement. Failure to obtain a signed Time to Pay Agreement could result in lost revenues to the Commonwealth due to incomplete documentation.
- The Clerk does not review and retain the monthly automated accounts receivable report as required by Section 7-39 of the Financial Management System User Guide. Failure to review these reports could result in inaccurate reporting and lost revenues to the Commonwealth due to the Court concluding cases and not establishing proper individual accounts in the Financial Management System.

Properly managing accounts receivable is an important tool for collecting unpaid fines and fees. The Clerk should require defendants to sign the payment agreement acknowledging their obligation to pay fines and fees. Further, the Clerk should review the automated financial system-generated accounts receivable reports monthly, to ensure that all unpaid fines and fees have been recorded in the financial records.

We discussed these comments with the Clerk on February 26, 2004 and we acknowledge the cooperation extended to us by the Court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

WJK:cam

cc: The Honorable Robert M. D. Turk, Chief Judge
Jeffrey D. Johnson, County Administrator
Bruce Haynes, Executive Secretary
Compensation Board
Paul Delosh, Technical Assistance
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